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Centennial

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1973

ANNUAL REPORT

Robinson, Little & Company, Limited

THE HOME OF ROBINSON STORES
1093 SHERWIN ROAD, WINNIPEG, MANITOBA - R3H 0T9



Robinson Little's spacious frontage is beautifully landscaped and the company has won several City awards in the Industrial Grounds Annual Competition.

THE PRESIDENT'S REPORT TO THE SHAREHOLDERS

The Consolidated Net Earnings of your Company and its subsidiaries in 1973 amounted to \$445,000 which represent an increase of 46% over the net earnings of 1972. The gross sales of \$25,673,000 are an all-time high for the Company. Supply shortages and transportation difficulties that included a National Rail Strike, restricted a further increase of gross sales over the previous year.

Despite inflationary pressure the overall percentage of operating costs of the Company in relation to sales was actually reduced. Our reserves have been strengthened and the cash flow improved by instituting a system of daily cash remittances from the Company stores as well as daily cash reports. The Company has introduced a new system of store accounting for Company as well as Dealer Stores. We have also reduced our accounts receivable.

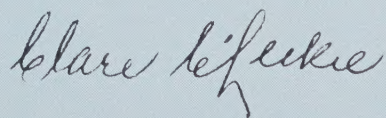
The increase in inventory is substantially a reflection of the stocking required for the new Company Stores and the effect of converting some Dealer Stores into Company Stores. It also represents a better stocking of our warehouse which should result in increased sales in 1974.

We have opened new Company Stores in Alberta at Medicine Hat, High River and Edmonton. We have established new Dealer Stores at Altona in Manitoba, at Houston in British Columbia and at Olds in Alberta.

The serious difficulties that we referred to in our report to Shareholders last year persisted into the first six months of 1973. It took the combined efforts of your Company's many fine employees to overcome these difficulties and to go on to achieve the results that are measured by the 1973 fiscal report placed before you.

It is the objective of your Company to make 1974 another step upwards to an all time record year in 1975 in recognition of its 100th year as a Canadian Company.

Yours faithfully,

A handwritten signature in cursive script, reading "Clare LeFevre". The signature is written in dark ink and is positioned above the printed name of the President.

PRESIDENT

DIRECTORS INFORMATION

CLARE C. LECKIE, CHAIRMAN OF THE BOARD; PRESIDENT AND GENERAL MANAGER,
ROBINSON, LITTLE & COMPANY, LIMITED, WINNIPEG, MANITOBA.

E. J. R. WRIGHT, B.A., Q.C., VICE-PRESIDENT, ROBINSON, LITTLE & COMPANY, LIMITED;
SENIOR PARTNER OF THE LAW FIRM OF WRIGHT & ASSOCIATES, LONDON, ONTARIO.

A. H. WATSON, LL.D
RETIRED BANKER, SASKATOON, SASKATCHEWAN.

F. C. ADAMS, PRESIDENT
CHARLDON CONSULTANTS, LONDON, ONTARIO.

J. ARNOLD BEARDEN, B.Sc., B.Sc. E.E., MANAGER, EDUCATION & DEVELOPMENT,
ROBINSON, LITTLE & COMPANY, LIMITED, WINNIPEG, MANITOBA.

D. J. REIMER, VICE-PRESIDENT AND TREASURER,
REIMER EXPRESS LINES LTD., WINNIPEG, MANITOBA.

J. T. McJANNET, B.A., LL. B., PARTNER IN LAW FIRM OF PITBLADO & HOSKIN,
DIRECTOR, WINNIPEG SUPPLY & FUEL COMPANY LTD., WINNIPEG, MANITOBA.

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Robinson, Little & Company, Limited

WINNIPEG

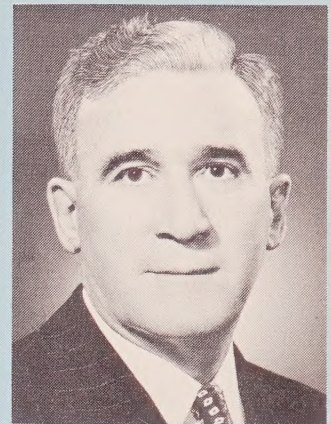
DIRECTORS



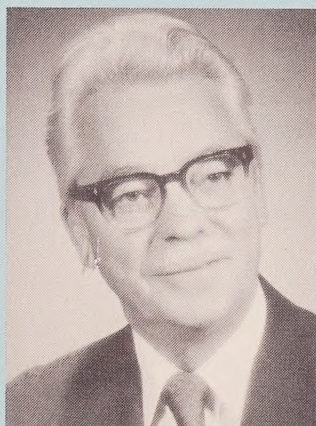
CLARE C. LECKIE



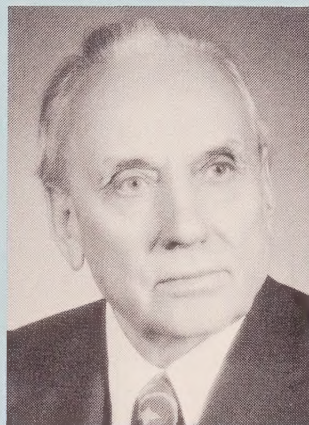
E. J. R. WRIGHT



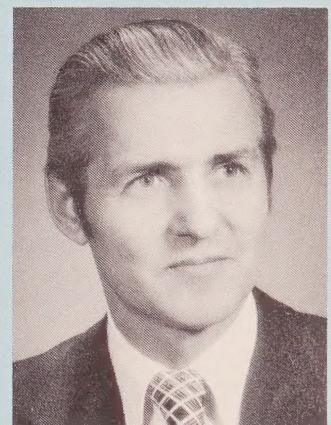
A. H. WATSON



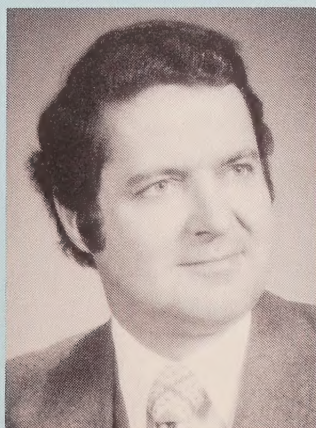
F. C. ADAMS



J. A. BEARDEN



DELBERT J. REIMER



J. T. McJANNET

OFFICERS

CLARE C. LECKIE

Chairman of the Board,
President and
General Manager.

E. J. R. WRIGHT

Vice-President.

B. BRUCE LECKIE

Secretary.

J. H. LECKIE

Treasurer.

Robinson, Little & Company, Limited

AND SUBSIDIARY COMPANY

	1973	1972	1971	1970	1969
Sales	\$25,673,000	\$23,956,000	\$19,997,000	\$14,821,000	\$13,412,000
Dividends paid on Class A Shares	.10	.10	.10	.10	.10
Earnings per Common Share after Class A Dividends	*.37	.37	.80	.41	.35
Dividends paid on Common Shares	.12	.11	.10	.08	.08
Fully Diluted Earnings per Shares	*.33	.33	.58	.31	.27

Earnings per share and Dividends have been re-stated for the years 1969 through 1971 to reflect the subdivision of all shares on a 10 for 1 basis which became effective May 8, 1972.

*372,000 additional Common Shares were issued January 15, 1973.

HEAD OFFICE

1093 Sherwin Road, Winnipeg, Manitoba R3H 0T9

TRANSFER AGENT

The Royal Trust Company — Winnipeg, Manitoba
— Toronto, Ontario
— Montreal, Quebec
Regina, Saskatchewan
Calgary, Alberta
Vancouver, B.C.

AUDITORS

Riddell, Stead & Co., Chartered Accountants

BANKERS

The Toronto-Dominion Bank

ANNUAL MEETING

Friday, 26th of April, 1974, at 11:00 A.M., at the
Company's Head Office.

Robinson, Little & Company, Limited

RIDDELL, STEAD & CO.

CHARTERED ACCOUNTANTS

804 - 220 Portage Avenue,
Winnipeg, Manitoba R3C 0A5

AUDITORS' REPORT

To The Shareholders
Robinson, Little & Company, Limited

We have examined the consolidated balance sheet of Robinson, Little & Company, Limited and its subsidiary as at December 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD & CO.

Chartered Accountants

March 13, 1974.

Robinson, Little &

AND SUBSIDIARIES Consolidated Balance Sheet

ASSETS

		1973	1972
CURRENT ASSETS			
Cash		\$ 792,067	\$ 608,636
Accounts receivable		1,529,461	1,656,911
Merchandise inventory at lower of cost and net realizable value		7,254,504	5,703,824
Prepaid expenses		51,966	47,073
		<u>9,627,998</u>	<u>8,016,444</u>
FIXED ASSETS			
	Cost	Accumulated Depreciation	
Buildings	\$ 139,190	\$ 84,473	54,717
Furniture and equipment	1,511,516	700,617	810,899
	<u>\$1,650,706</u>	<u>\$785,090</u>	<u>865,616</u>
Land at cost			11,307
Unamortized leasehold improvements at cost			45,977
			<u>922,900</u>
OTHER ASSETS (Note 3)			
Management contract at cost less amounts amortized		1,324,872	1,398,476
Unamortized debenture issue costs		98,799	—
		<u>1,423,671</u>	<u>1,398,476</u>
Signed on behalf of the Board:			
CLARE C. LECKIE, Director			
E. J. R. WRIGHT, Director			
		<u>\$11,974,569</u>	<u>\$10,275,326</u>

Company, Limited

RY COMPANY

et as at December 31, 1973

LIABILITIES

	1973	1972
CURRENT LIABILITIES		
Bank indebtedness (Note 6)	\$ 400,000	\$ 2,400,000
Accounts payable and accrued liabilities	3,768,505	3,670,263
Income and other taxes	500,983	368,111
Current maturities on long-term debt	140,000	465,080
	<u>4,809,488</u>	<u>6,903,454</u>
LONG-TERM DEBT less current maturities		
9% Note payable in minimum annual instalments of \$100,000	500,000	600,000
9¾% Debentures payable (Note 4)	1,510,000	—
	<u>2,010,000</u>	<u>600,000</u>
DEFERRED INCOME TAXES	<u>41,830</u>	<u>—</u>
LEASE COMMITMENTS (Note 2)		

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 4)		
Authorized		
64,655 Class "A" shares of no par value		
2,550,000 Common shares of no par value		
2,000,000 6% voting, non-cumulative deferred shares, par value 10c each		
Issued		
64,655 Class "A" shares	2,284,832	238,567
1,197,345 Common shares		
2,000,000 Deferred shares		
	<u>200,000</u>	<u>200,000</u>
	<u>2,484,832</u>	<u>438,567</u>
RETAINED EARNINGS	2,606,675	2,311,561
EXCESS OF BOOK VALUE OF NET ASSETS OF THE SUBSIDIARY COMPANY OVER COST OF THE SHARES AT DATE OF ACQUISITION	21,744	21,744
	<u>5,113,251</u>	<u>2,771,872</u>
	<u>\$11,974,569</u>	<u>\$10,275,326</u>

Robinson, Little & Company, Limited

AND SUBSIDIARY COMPANY

Consolidated Statement of Retained Earnings For the Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u>
BALANCE AT BEGINNING OF YEAR	\$2,311,561	\$2,102,416
Net earnings for the year	<u>445,202</u>	<u>304,076</u>
	<u>2,756,763</u>	<u>2,406,492</u>
Dividends paid		
Class "A"	6,763	10,202
Common	<u>143,325</u>	<u>84,729</u>
	<u>150,088</u>	<u>94,931</u>
BALANCE AT END OF YEAR	<u><u>\$2,606,675</u></u>	<u><u>\$2,311,561</u></u>

Robinson, Little & Company, Limited

AND SUBSIDIARY COMPANY

Consolidated Statement of Earnings For the Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u>
NET SALES	<u>\$25,673,056</u>	<u>\$23,955,736</u>
NET EARNINGS ON OPERATIONS for the year, before deducting the undernoted items	<u>\$ 1,528,419</u>	<u>\$ 1,073,714</u>
DEDUCT		
Depreciation and amortization	189,085	157,899
Contribution to employees' retirement plan	132,787	93,294
Amortization of management contract (Note 3)	73,604	73,604
Amortization of debenture issue costs (Note 3)	6,431	—
Interest on long-term debt	197,003	95,857
	<u>598,910</u>	<u>420,654</u>
EARNINGS before income taxes	<u>929,509</u>	<u>653,060</u>
PROVISION FOR INCOME TAXES		
Current	442,477	348,984
Deferred	41,830	—
	<u>484,307</u>	<u>348,984</u>
NET EARNINGS	<u>\$ 445,202</u>	<u>\$ 304,076</u>
Earnings per share	<u>\$.37</u>	<u>\$.37</u>
Fully diluted earnings per share	<u>\$.33</u>	<u>\$.33</u>

Robinson, Little & Company, Limited

AND SUBSIDIARY COMPANY

Consolidated Statement of Source and Application of Funds For the Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u>
SOURCE OF FUNDS		
Operations		
Net earnings	\$ 445,202	\$ 304,076
Items not involving funds		
Depreciation and amortization	189,085	157,899
Amortization of management contract (Note 3)	73,604	73,604
Amortization of debenture issue costs (Note 3)	6,431	—
(Gain) loss on sale of fixed assets	(32,941)	6,675
Deferred income taxes	41,830	—
	<u>723,211</u>	<u>542,254</u>
Proceeds on disposal of fixed assets	274,856	540,901
Proceeds from capital stock issue (Note 4)	2,046,265	—
Proceeds from debenture issue (Note 4)	1,550,000	—
	<u>4,594,332</u>	<u>1,083,155</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	470,671	928,355
Purchase of leasehold improvements	22,823	26,681
Reduction of long-term debt	140,000	100,000
Debenture issue costs	105,230	—
Dividends	150,088	94,931
	<u>888,812</u>	<u>1,149,967</u>
INCREASE (DECREASE) IN WORKING CAPITAL	3,705,520	(66,812)
Working capital at beginning of year	1,112,990	1,179,802
WORKING CAPITAL AT END OF YEAR	<u><u>\$4,818,510</u></u>	<u><u>\$1,112,990</u></u>

Robinson, Little & Company, Limited

AND SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements

December 31, 1973

1. PRINCIPLES OF CONSOLIDATION

The assets and liabilities of the parent company have been combined with those of its wholly-owned subsidiary, The Brock Company (Western) Limited, as have the results of their respective operations. Inter-company transactions have been eliminated for consolidation purposes.

2. LEASE COMMITMENTS

The total rental paid for the year ended December 31, 1973 under leases for furniture and fixtures, store and warehouse facilities (excluding occupancy charges and additional rental payable based on a percentage of gross sales) was as follows:

	<u>Total Rental Obligation</u>	<u>Dealers' Obligation</u>	<u>Net Rental</u>
Furniture and fixtures, store and warehouse facilities	\$1,380,243	\$ 206,227	\$1,174,016

The minimum annual rental commitments under executed leases for furniture and fixtures, store and warehouse facilities (exclusive of occupancy charges and additional rental payable based on a percentage of gross sales) and the annual rental to be paid by dealers for store locations are as follows for the year ending December 31:

	<u>Total Rental Obligation</u>	<u>Dealers' Obligation</u>	<u>Net Minimum Rental</u>
1974	\$1,319,784	\$ 203,757	\$1,116,027
1975	1,223,694	189,312	1,034,382
1976	1,080,948	160,904	920,044
1977	1,017,592	156,144	861,448
1978	970,302	145,149	825,153

These agreements have options to renew for further periods from five to fifteen years.

3. OTHER ASSETS

The management contract is being written off to operations over a 20-year period in equal annual charges of \$73,604. The debenture issue costs are being written off to operations over 15 years in equal annual charges of \$7,015.

4. CAPITAL STOCK AND DEBENTURES PAYABLE

On January 15, 1973 the company received the net proceeds from its financing carried out through a public offering. The details of the offering are as follows:

\$1,550,000	9 $\frac{3}{8}$ % Sinking Fund Debentures, Series A due January 15, 1988	\$1,550,000
372,000	Common shares without par value	2,232,000
		<u>3,782,000</u>
	Underwriting discount	188,170
	Net proceeds	<u>\$3,593,830</u>

Issued share capital has been increased by \$2,046,265 being the proceeds after deducting capital stock issue costs of \$185,735.

Sinking Fund

The company will provide a Sinking Fund sufficient to retire \$40,000 of Series A Debentures, on July 15 in each of the years 1974 to 1979 and \$140,000 on July 15 in each of the years 1980 to 1987. Such payments together with a payment of \$190,000 at maturity date will provide for the retirement of all Series A Debentures.

5. STATUTORY INFORMATION

	1973	1972
Number of directors	9	11
Directors' remuneration as directors	\$ 7,200	\$10,750
Number of officers	4	5
Officers' remuneration as officers	126,650	98,488
Number of officers who are also directors	3	4

6. BANK INDEBTEDNESS

The bank loan is secured by a debenture giving the bank a floating charge on the assets of the company.

